



Is Sun Life Financial Inc. or Bank of Nova Scotia a Better Bet on Growth in Emerging Markets?

Description

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) are betting big on middle-class growth in foreign countries.

Let's take a look at the two companies to see if one deserves to be in your portfolio.

Sun Life

Sun Life took a nasty hit during the Great Recession and has worked hard to bounce back from the losses.

The company sold off its troublesome U.S. annuities business and is now focusing investments on fee-based assets in the United States, as well as insurance and investment opportunities in Asia.

Investing in Asia isn't new for Sun Life, but management sees significant long-term opportunities in the region and is using the company's strong brand in Asia to ramp up growth.

In India, Sun Life recently raised its interest in its Birla Sun Life partnership from 26% to 49%. The Indian insurance market is expected to grow exponentially in the coming years, and Birla Sun Life is positioned well to benefit.

Sun Life has also increased its equity in its Vietnam partnership from 45% to 75%, and recently acquired pension assets in Hong Kong.

The company has other operations in China, Malaysia, and the Philippines, and management is planning to expand into Thailand and Singapore in the coming years.

Sun Life pays a quarterly dividend of \$0.405 per share for a yield of 3.8%.

Bank of Nova Scotia

Bank of Nova Scotia is Canada's most international bank with full-service operations in more than 30 countries.

The bulk of the overseas investment in recent years has been focused on Latin America with Mexico, Colombia, Peru, and Chile receiving the most attention.

These four countries represent the core of the Pacific Alliance—a trade bloc created to enable the free movement of capital and goods among the member states.

The combined market contains more than 200 million consumers and a growing middle class. Banking-product penetration is lower in the region than in developed markets, so Bank of Nova Scotia is positioned well to capitalize on the opportunity.

In its fiscal Q3 2016 earnings, the bank reported a 14% year-over-year increase in loans and a 17% rise in deposits from the Latin American operations.

Bank of Nova Scotia pays a quarterly dividend of \$0.74 per share for a yield of 4.3%.

Which should you buy?

Both stocks are attractive long-term picks, so the decision depends on where you see the best opportunities and lowest risks.

Bank of Nova Scotia still has significant exposure to the Canadian housing and energy markets, despite its growing international focus. If you are concerned about a meltdown in house prices and further pain in the oil patch, Sun Life is probably the better choice today.

Regarding the overseas investments, it's a matter of preference. Investors who are more bullish on Latin America should go with Bank of Nova Scotia. If you think Asia is a stronger long-term bet, buy Sun Life.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:SLF (Sun Life Financial Inc.)

Category

1. Bank Stocks
2. Investing

Date

2025/08/26

Date Created

2016/10/08

Author
aswalker

default watermark

default watermark